



Interim Financial Results for the Six Months Ended 30 June 2018

This commentary relates to the interim non audited financial statements for the six months ended 30 June 2018 presented in accordance with Sri Lanka Accounting Standard 34 (LKAS 34) on “Interim Financial Statements”. The Sri Lanka Accounting Standard – SLFRS 9 Financial Instruments is effective for annual periods beginning on or after 01 January 2018. However, as per the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements”, CA Sri Lanka has granted the option to prepare the interim financial statements continuing the application of LKAS 39 Financial Instruments: Recognition and Measurement and the Bank has decided to use this option.

DFCC Group Results

DFCC Bank PLC, the banking arm of the DFCC Group reported a drop in profit for the second quarter amidst a challenging business environment. The drop in profit was due to higher impairment provisions, as well as a one-off gain from the disposal of shares of Commercial Bank during the previous period.

Overall, the DFCC Group, whose business covers commercial banking, investment banking, wealth management, information technology, industrial park management and consultancy recorded a profit before tax of LKR 2,596 million and profit after tax of LKR 1,861 million for the period ended June 2018 as compared to LKR 3,616 million and LKR 2,944 million respectively, in the comparative period in 2017.

DFCC Bank Results

Statement of Profit and loss

Meanwhile, the Bank posted a Profit before Tax of LKR 2,402 million and a Profit after Tax of LKR 1,710 million which reflects a decline of 30% and 39% respectively compared to the same period in 2017. When adjusted for the exceptional gain from sale of Commercial Bank Shares reported in the previous period, the declines in Profit before Tax and Profit after Tax were 5% and 10% respectively.

The impairment provision during the current period was LKR 1,407 million compared to LKR 487 million in the comparable period. However, recovery processes are being rigorously pursued to minimize any actual losses that may arise from such exposures. The decline of 11% in Net Operating Income was due to the higher charge for impairment.

On a positive note, with increased customer interest in the Bank’s commercial banking products, the Bank recorded a healthy growth of 24% in Net Interest Income to LKR 6,556 million from LKR 5303 million mainly as a result of the portfolio growth of LKR 38,229 million in loans and receivables year-on-year and prudent management of asset and liability re-pricing.

In addition, total Operating Income increased to LKR 7,662 million compared to LKR 7,533 million in the comparative period. Various initiatives adopted in order to grow non-interest income paid dividends as a growth of 30% was recorded in fees and commission income to LKR 906 million from LKR 699 million in June 2017. Trading gains increased by 14% to 172 million in June 2018. However, the reason for the overall moderate growth was due to the adverse impact from revaluation of funding swap contracts and the previous year's one off gain reported from sale of Commercial Bank equity shares.

The Bank also continued to focus on expanding its branch network and delivery channels in order to reach out to the unbanked and under-banked consumers across the country. In doing so, the Bank added nine fully-fledged branches to its branch network during the period July 2017 to June 2018. This This largely contributed to the increase in Operating Expenses to LKR 3,178 million from LKR 2,784 million (14%) in the comparable period. The Bank will continue this expansion drive as well as focus on developing alternate channels backed by the latest technology, with customers' interests taking precedence.

Other Comprehensive Income

In terms of Other Comprehensive Income, the available for sale equity securities recorded a fair value loss of LKR 1,907 million due to the declining trend in the equity market. Furthermore, the Fixed Income securities recorded a fair value loss of LKR 413 million. The regulatory change in implementation of tax with effect from 1st April 2018 for Treasury Bills and Bonds adversely affected the market prices of Treasury Bills and Bonds.

Financial Position

Fortifying its position as a strong business entity, DFCC Bank's Total Assets grew by LKR 56,346 million year-on-year to LKR 361,272 million which reflects a 18.5% growth compared to June 2017, while the Bank's Loans portfolio grew by LKR 38,229 million to LKR 236,666 million compared to LKR 198,437 million as at 30 June 2017, reflecting a growth of 19.3% year-on-year.

The Bank's deposit base reported an increase to LKR 207,862 up 23.5% from LKR 168,357 million in June 2017, further displaying customer confidence. The growth in customer deposits during the first half year 2018 was LKR 14,555 million (8%). The Bank's CASA ratio, which represents low cost deposits over the total deposits of the Bank improved to 20.2% from 19.8% in March 2018.

DFCC bank continues to enjoy medium to long term low cost borrowing lines that helped to reduce the funding cost. When these term borrowings are added to deposits, the ratio improved to 28.4% as at 30th June 2018.

The Bank's NPL ratio slightly moved up to 3.14% as at June 2018 from 3.12% recorded in March 2018 as a result of adverse environmental conditions that prevailed during this time. This is, however, in line with the industry average. (3.3% as at June 2018)

Equity & Capital Requirements

DFCC Bank consistently maintains capital ratio above the Basel III minimum capital requirements. As at 30 June 2018, the Group's Tier 1 capital adequacy ratio stood at 11.05% while the total capital adequacy ratio stood at 16.56%. DFCC Bank recorded a Tier 1 and total capital adequacy ratios of 10.66% and 16.20% respectively as at 30th June 2018. The ratios are well above the minimum regulatory requirements of 7.875% and 11.875%.

Lakshman Silva
Director/Chief Executive Officer

26 July 2018

DFCC Bank PLC
Income Statement

Notes	Bank						Group					
	For the period ended			For the quarter ended			For the period ended			For the quarter ended		
	30.06. 2018 LKR 000	30.06. 2017 LKR 000	Change %	30.06. 2018 LKR 000	30.06. 2017 LKR 000	Change %	30.06. 2018 LKR 000	30.06. 2017 LKR 000	Change %	30.06. 2018 LKR 000	30.06. 2017 LKR 000	Change %
Income	19,943,545	17,448,116	14	10,069,815	9,268,097	9	20,116,070	17,661,053	14	10,175,263	9,394,809	8
Interest income	18,837,488	15,217,938	24	9,714,127	7,960,017	22	18,842,547	15,225,050	24	9,716,188	7,963,603	22
Interest expense	12,281,654	9,915,100	24	6,500,706	5,238,564	24	12,261,921	9,894,304	24	6,492,040	5,226,907	24
Net interest income	6,555,834	5,302,838	24	3,213,421	2,721,453	18	6,580,626	5,330,746	23	3,224,148	2,736,696	18
Fee and commission income	906,141	698,844	30	471,756	355,856	33	906,074	698,678	30	471,689	355,702	33
Fee and commission expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net fee and commission income	906,141	698,844	30	471,756	355,856	33	906,074	698,678	30	471,689	355,702	33
Net gain from trading	171,593	150,279	14	128,309	119,308	8	171,593	150,279	14	128,309	119,308	8
Net gain / (loss) from financial instruments at fair value through profit or loss	103,833	(63,071)	265	115,026	(252,110)	146	103,833	(63,071)	265	115,026	(252,110)	146
Net gain from financial investments	783,853	1,794,882	(56)	70,632	1,163,701	(94)	756,816	1,788,105	(58)	70,632	1,156,924	(94)
Other operating (loss) / income - net	(859,363)	(350,756)	145	(430,035)	(78,675)	447	(664,793)	(137,988)	382	(326,581)	51,382	(736)
Total operating income	7,661,891	7,533,016	2	3,569,109	4,029,533	(11)	7,854,149	7,766,749	1	3,683,223	4,167,902	(12)
Impairment charge / (reversal) for loans and other losses												
- Individual impairment	806,368	312,362	158	472,763	100,982	368	806,368	312,362	158	472,764	100,982	368
- Collective impairment	523,554	149,553	250	294,679	193,821	52	523,554	149,553	250	294,679	193,821	52
- Others	14,799	10,465	41	9,629	5,063	90	14,799	10,465	41	9,629	5,063	90
Investment - impairment losses	62,598	14,832	322	-	-	-	62,598	4,935	1,168	-	-	-
Net operating income	6,254,572	7,045,804	(11)	2,792,038	3,729,667	(25)	6,446,830	7,289,434	(12)	2,906,151	3,868,036	(25)
Operating expenses												
Personnel expenses	1,720,894	1,502,601	15	865,216	877,837	(1)	1,793,690	1,589,434	13	897,347	919,903	(2)
Depreciation and amortisation	215,018	173,256	24	109,163	87,887	24	243,717	208,367	17	126,765	113,062	12
Other expenses	1,242,323	1,108,010	12	624,514	574,561	9	1,227,517	1,128,191	9	612,761	588,461	4
Total operating expenses	3,178,235	2,783,867	14	1,598,893	1,540,285	4	3,264,924	2,925,992	12	1,636,873	1,621,426	1
Operating profit before value added tax and nation building tax on financial services	3,076,337	4,261,937	(28)	1,193,145	2,189,382	(46)	3,181,906	4,363,442	(27)	1,269,278	2,246,610	(44)
Value added tax and nation building tax on financial services	674,646	816,322	(17)	284,618	436,243	(35)	674,646	816,322	(17)	284,621	436,243	(35)
Operating profit after value added tax and nation building tax on financial services	2,401,691	3,445,615	(30)	908,527	1,753,139	(48)	2,507,260	3,547,120	(29)	984,657	1,810,367	(46)
Share of profits of associate and joint venture	-	-	-	-	-	-	88,587	68,996	28	65,754	58,743	12
Profit before tax	2,401,691	3,445,615	(30)	908,527	1,753,139	(48)	2,595,847	3,616,116	(28)	1,050,411	1,869,110	(44)
Income tax expense	691,750	630,384	10	272,212	276,935	(2)	735,166	672,048	9	299,329	298,301	-
Profit for the period	1,709,941	2,815,231	(39)	636,315	1,476,204	(57)	1,860,681	2,944,068	(37)	751,082	1,570,809	(52)
Profit attributable to:												
Equity holders of the Bank	1,709,941	2,815,231	(39)	636,315	1,476,204	(57)	1,824,952	2,909,985	(37)	736,848	1,549,358	(52)
Non-controlling interests	-	-	-	-	-	-	35,729	34,083	-	14,234	21,451	(34)
Profit for the period	1,709,941	2,815,231	(39)	636,315	1,476,204	(57)	1,860,681	2,944,068	(37)	751,082	1,570,809	(52)
Basic earnings per ordinary share (LKR)	6.45	10.62	(39)	2.40	5.57	(57)	6.88	10.98	(37)	2.78	5.84	(52)

DFCC Bank PLC
Statement of Profit or Loss and Other Comprehensive Income

	BANK						GROUP					
	For the period ended			For the quarter ended			For the period ended			For the quarter ended		
	30.06. 2018 LKR 000	30.06. 2017 LKR 000	Change %	30.06. 2018 LKR 000	30.06. 2017 LKR 000	Change %	30.06. 2018 LKR 000	30.06. 2017 LKR 000	Change %	30.06. 2018 LKR 000	30.06. 2017 LKR 000	Change %
Profit for the period	1,709,941	2,815,231	(39)	636,315	1,476,204	(57)	1,860,681	2,944,068	(37)	751,082	1,570,809	(52)
Other comprehensive (expenses) / income for the period, net of tax												
Items that are or may be re classified subsequently to income statements												
Available for sale financial assets:												
Net change in fair value of available-for-sale financial assets	(2,278,252)	188,418	(1,309)	(2,057,281)	1,879,551	(209)	(2,278,252)	188,418	(1,309)	(2,057,281)	1,879,551	(209)
Net amount transferred to income statement on disposal of available-for-sale financial assets	(42,797)	(1,188,907)	96	(29,691)	(1,171,435)	97	(42,797)	(1,188,907)	96	(29,691)	(1,171,435)	97
Tax expense relating to available-for-sale financial assets	115,908	(88,043)	232	26,866	(92,814)	129	115,908	(88,043)	232	26,866	(92,814)	129
Share of other comprehensive income / (expenses) of equity accounted joint venture and associate.	-	-	-	-	-	-	6,034	(13,920)	143	9,944	4,542	119
Total other comprehensive (expenses) / income that are or may be re classified subsequently to income statement	(2,205,141)	(1,088,532)	(103)	(2,060,106)	615,302	(435)	(2,199,107)	(1,102,452)	(99)	(2,050,162)	619,844	(431)
Items that will not to be reclassified to income statement												
Actuarial gains / (losses) on defined benefit plans	-	-	-	-	-	-	(119)	272	(144)	-	(153)	(100)
Tax expense relating to actuarial gains and losses on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive (expenses) / income not to be reclassified to income statement	-	-	-	-	-	-	(119)	272	(144)	-	(153)	(100)
Other comprehensive (expenses) / income for the period, net of tax	(2,205,141)	(1,088,532)	(103)	(2,060,106)	615,302	(435)	(2,199,226)	(1,102,180)	(100)	(2,050,162)	619,691	(431)
Total comprehensive (expenses) / income for the period	(495,200)	1,726,699	(129)	(1,423,791)	2,091,506	(168)	(338,545)	1,841,888	(118)	(1,299,080)	2,190,500	(159)
Total comprehensive (expenses) /income attributable to:												
Equity holders of the Bank	(495,200)	1,726,699	(129)	(1,423,791)	2,091,506	(168)	(374,216)	1,807,675	(121)	(1,313,314)	2,169,125	(161)
Non-Controlling interests	-	-	-	-	-	-	35,671	34,213	4	14,234	21,375	(33)
Total comprehensive (expenses) / income for the period	(495,200)	1,726,699	(129)	(1,423,791)	2,091,506	(168)	(338,545)	1,841,888	(118)	(1,299,080)	2,190,500	(159)

DFCC Bank PLC
Statement of Financial Position

As at	Notes	BANK			GROUP		
		30.06. 2018	31.12.2017	Change	30.06. 2018	31.12.2017	Change
		LKR 000	(Audited) LKR 000	%	LKR 000	(Audited) LKR 000	%
Assets							
Cash and cash equivalents		4,961,584	4,106,225	21	4,962,704	4,120,230	20
Balances with Central Bank of Sri Lanka		12,008,878	10,557,688	14	12,008,878	10,557,688	14
Placements with banks		2,644,417	6,691,381	(60)	2,660,222	6,712,131	(60)
Derivative assets held - for - risk - management		44,009	66,440	(34)	44,009	66,440	(34)
Other financial assets held-for-trading		1,015,931	310,922	227	1,015,931	310,922	227
Loans to and receivables from banks		14,502,996	10,984,266	32	14,502,996	10,984,266	32
Loans to and receivables from other customers	8	236,665,763	213,675,866	11	236,665,763	213,675,866	11
Financial investments - available-for-sale		59,347,131	56,866,054	4	59,347,131	56,866,054	4
Financial investments - held-to-maturity		23,490,531	23,507,632	-	23,490,531	23,507,632	-
Investments in subsidiaries		167,036	167,036	-	-	-	-
Investments in associate		35,270	35,270	-	37,566	67,266	(44)
Investments in joint venture		755,000	755,000	-	1,711,792	1,616,711	6
Due from subsidiaries		13,868	12,083	15	-	-	-
Investment property		-	-	-	455,059	318,653	43
Property, plant and equipment		1,439,575	1,273,250	13	1,527,945	1,371,161	11
Intangible assets		652,804	498,084	31	656,500	502,411	31
Goodwill on consolidation		-	-	-	156,226	156,226	-
Government grant receivable	10.1	583,500	642,583	(9)	583,500	642,583	(9)
Deferred tax asset		-	-	-	1,282	3,160	(59)
Other assets		2,943,553	2,957,562	-	3,045,097	2,988,462	2
Total assets		361,271,846	333,107,342	8	362,873,132	334,467,862	8
Liabilities							
Due to banks		21,433,297	9,640,735	122	21,433,297	9,640,735	122
Derivative liabilities held- for- risk -management		181,985	367,435	(50)	181,985	367,435	(50)
Due to other customers	9	207,862,442	193,307,534	8	207,462,988	192,920,147	8
Other borrowing		38,289,226	41,319,591	(7)	38,259,226	41,290,874	(7)
Debt securities issued		24,540,643	24,443,767	-	24,540,643	24,443,767	-
Current tax liability		967,281	633,636	53	983,914	655,488	50
Deferred tax liability		986,734	1,194,027	(17)	1,067,578	1,232,478	(13)
Government grant - deferred Income	10.2	239,250	654,583	(63)	239,250	654,583	(63)
Other liabilities		3,974,856	4,466,398	(11)	4,225,613	4,657,628	(9)
Subordinated term debt		16,740,055	9,202,870	82	16,740,055	9,202,870	82
Total liabilities		315,215,769	285,230,576	11	315,134,549	285,066,005	11
Equity							
Stated capital		4,715,814	4,715,814	-	4,715,814	4,715,814	-
Statutory reserves		2,224,275	2,224,275	-	2,224,275	2,224,275	-
Retained earnings		14,242,604	13,858,152	3	17,859,676	17,359,513	3
Other reserves		24,873,384	27,078,525	(8)	22,626,275	24,825,383	(9)
Total equity attributable to equity holders of the Bank		46,056,077	47,876,766	(4)	47,426,040	49,124,985	(3)
Non-controlling interests		-	-	-	312,543	276,872	13
Total equity		46,056,077	47,876,766	(4)	47,738,583	49,401,857	(3)
Total equity and liabilities		361,271,846	333,107,342	8	362,873,132	334,467,862	8
Contingent liabilities and commitments		134,900,828	135,571,324	-	134,900,828	135,571,324	-
Net assets value per share, LKR		173.73	180.60	(4)	178.90	185.31	(3)

The highest, the lowest and the last traded market price recorded during the quarter ended

	30.06.2018	31.12.2017
- Highest price LKR	119.00	138.20
- Lowest price LKR	104.50	118.30
- Last traded price LKR	104.80	122.80

	BANK		GROUP	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Memorandum Information				
Number of Employees	1,840	1,770	1,937	1,869
Number of Branches	105	101		
Extension offices and postal units	33	37		

Statement of Cash Flows

	Bank		Group	
	2018 LKR 000	2017 LKR 000	2018 LKR 000	2017 LKR 000
<i>for the six months ended 30 th June</i>				
Cash flows from operating activities				
Interest receipts	14,295,908	11,942,066	14,294,932	11,941,361
Interest payments	(12,706,930)	(8,977,754)	(12,670,963)	(8,956,956)
Recoveries on loans previously written off	7,818	28,688	7,818	28,688
Receipts from other operating activities	1,337,093	574,543	1,645,025	794,025
Cash payments to employees and suppliers	(3,387,261)	(3,078,786)	(3,539,617)	(3,202,795)
Value added tax and nation building tax on financial services	(587,893)	(764,094)	(587,911)	(764,094)
Other levies	(78,933)	(109,874)	(78,933)	(109,874)
Operating cash flows before changes in operating assets and liabilities	(1,120,198)	(385,211)	(929,649)	(269,645)
(Increase)/ decrease in operating assets:				
Deposits held for regulatory or monetary control purposes	(1,451,193)	(1,848,521)	(1,451,192)	(1,848,521)
Funds advanced to customers	(26,752,660)	(15,352,198)	(26,752,660)	(15,352,198)
Others	362,904	288,716	328,734	294,586
Increase/(decrease) in operating liabilities:				
Deposits from customers	15,105,970	27,399,317	15,072,482	26,939,723
Negotiable certificates of deposit	7,328	(194,414)	7,328	(194,414)
Others	(564,925)	40,201	(565,285)	50,627
Net cash flows (used in) / from operating activities before income tax	(14,412,774)	9,947,891	(14,290,242)	9,620,158
Income tax paid	(449,490)	(407,968)	(457,042)	(425,851)
Net cash flows (used in) / from operating activities	(14,862,264)	9,539,923	(14,747,284)	9,194,307
Cash flows from investing activities				
Dividends received	394,957	389,912	394,957	389,912
Interest received	3,326,845	2,897,401	3,345,239	3,227,898
Government securities- net	(5,250,289)	784,429	(5,250,289)	784,429
Proceeds from sale and redemption of securities	862,916	1,805,164	862,918	1,805,164
Purchase of securities	(305,110)	(1,541,033)	(307,059)	(1,541,033)
Purchase of property , equipment ,intangibles and investment property	(664,371)	(259,865)	(813,629)	(302,381)
Proceeds from sale of equipment and investment property	-	3,544	-	3,544
Net cash (used in)/from investing activities	(1,635,052)	4,079,551	(1,767,863)	4,367,533
Cash flows from financing activities				
Issue of debentures	7,000,000	-	7,000,000	-
Borrowing , medium and long - term	5,720,813	1,679,719	5,720,813	1,679,719
Other borrowings - net	3,911,000	(14,169,670)	3,911,000	(14,169,670)
Repayment of borrowing ,medium and long - term	(2,045,995)	(1,897,254)	(2,045,995)	(1,897,254)
Dividends paid	(1,280,107)	(1,158,945)	(1,280,106)	(1,158,945)
Net cash flows from / (used in) financing activities	13,305,711	(15,546,150)	13,305,712	(15,546,150)
Net decrease in cash and cash equivalents	(3,191,605)	(1,926,675)	(3,209,435)	(1,984,310)
Cash and cash equivalents at the beginning of the period	10,797,606	5,682,051	10,832,361	5,760,245
Cash and cash equivalents at the end of the period	7,606,001	3,755,376	7,622,926	3,775,935
Reconciliation of cash and cash equivalents with items reported in the statement of financial position				
Cash and cash equivalents	4,961,584	3,320,291	4,962,704	3,330,682
Placements with banks	2,644,417	435,085	2,660,222	445,253
	7,606,001	3,755,376	7,622,926	3,775,935

The Cash Flow Statement of the bank includes the results of associate, joint venture and subsidiary companies only to the extent of the cash flows between Bank and respective companies as required by Sri Lanka Accounting Standards

Statement of Changes in Equity

	Stated Capital LKR 000	Statutory reserves		Other reserves		Retained earnings LKR 000	Total equity LKR 000
		Reserve fund LKR 000	Fair value reserve LKR 000	General reserves LKR 000			
Bank							
Balance as at 01.01.2017	4,715,814	2,004,275	14,549,487	13,779,839	10,800,251	45,849,666	
Profit for the period	-	-	-	-	2,815,231	2,815,231	
Other comprehensive expense net of tax	-	-	(1,088,532)	-	-	(1,088,532)	
Total comprehensive (expense) / income for the period	-	-	(1,088,532)	-	2,815,231	1,726,699	
Transactions with equity holders, recognised directly in equity							
Final dividend approved on 20.02.2017	-	-	-	-	(1,192,940)	(1,192,940)	
Total contributions from and distribution to equity holders	-	-	-	-	(1,192,940)	(1,192,940)	
Balance as at 30.06.2017	4,715,814	2,004,275	13,460,955	13,779,839	12,422,542	46,383,425	
Balance as at 01.01.2018	4,715,814	2,224,275	13,298,686	13,779,839	13,858,152	47,876,766	
Profit for the period					1,709,941	1,709,941	
Other comprehensive expenses net of tax			(2,205,141)		-	(2,205,141)	
Total comprehensive (expense) / income for the period			(2,205,141)		1,709,941	(495,200)	
Transactions with equity holders, recognised directly in equity							
Final dividend approved on 19.02.2018					(1,325,489)	(1,325,489)	
Total contributions from and distribution to equity holders					(1,325,489)	(1,325,489)	
Balance as at 30.06.2018	4,715,814	2,224,275	11,093,545	13,779,839	14,242,604	46,056,077	

Statement of Changes in Equity

Attributable to the equity holders of the Bank

	Statutory reserves		Other reserves		General reserve	Retained earnings	Total	Non- controlling interests	Total
	Stated Capital	Reserve fund	Fair value reserve	Exchange equalisation reserve					
	LKR 000	LKR 000	LKR 000	LKR 000					
Group									
Balance as at 01.01.2017	4,715,814	2,004,275	12,085,454	33,428	13,779,839	14,231,009	46,849,819	259,900	47,109,719
Profit for the period	-	-	-	-	-	2,909,985	2,909,985	34,083	2,944,068
Other comprehensive (expense) / income net of tax	-	-	(1,093,649)	(8,803)	-	140	(1,102,312)	131	(1,102,180)
Total comprehensive (expense) / income for the period	-	-	(1,093,649)	(8,803)	-	2,910,125	1,807,674	34,214	1,841,888
Transactions with equity holders, recognised directly in equity									
Change in holding through joint venture	-	-	-	-	-	-	-	-	-
Final dividend approved on 20.02.2017	-	-	-	-	-	(1,192,940)	(1,192,940)	-	(1,192,940)
Total contributions from and distribution to equity holders	-	-	-	-	-	(1,192,940)	(1,192,940)	-	1,192,940
Balance as at 30.06.2017	4,715,814	2,004,275	10,991,805	24,625	13,779,839	15,948,195	47,464,553	294,114	47,758,667
Balance as at 01.01.2018	4,715,814	2,224,275	11,032,483	13,061	13,779,839	17,359,513	49,124,985	276,872	49,401,857
Profit for the period						1,824,952	1,824,952	35,729	1,860,681
Other comprehensive (expense) / income net of tax			(2,208,024)	8,916		(60)	(2,199,168)	(58)	(2,199,226)
Total comprehensive (expense) / income for the period			(2,208,024)	8,916		1,824,892	(374,216)	35,671	(338,545)
Transactions with equity holders, recognised directly in equity									
Change in holding through joint venture						760	760		760
Final dividend approved on 19.02.2018						(1,325,489)	(1,325,489)		(1,325,489)
Total contributions from and distribution to equity holders						(1,324,729)	(1,324,729)	-	(1,324,729)
Balance as at 30.06.2018	4,715,814	2,224,275	8,824,459	21,977	13,779,839	17,859,676	47,426,040	312,543	47,738,583

EXPLANATORY NOTES

Note 1. Statement of Compliance

The consolidated financial statements of the Bank (Group) and the separate financial statements of the Bank (Bank) have been prepared in accordance with the Sri Lanka Accounting Standards 34 (LKAS 34) on "Interim Financial Statements" issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act, No. 07 of 2007 and the Banking Act No. 30 of 1988 and amendments thereto.

During the period, there were no material changes in the composition of assets, liabilities and contingent liabilities. All known expenditure items have been provided for.

Note 2. Accounting policies

SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 – Financial Instruments: Recognition and Measurement is effective for annual reporting periods beginning on or after 01 January 2018. The key aspects of SLFRS 9 are ;

- I. Classification – Financial assets*
- II. Impairment – Financial assets , loan commitment and financial guarantee contracts*
- III. Inputs into measurement of Expected Credit Loss (ECL)*

However, as per the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements”, CA Sri Lanka has granted the option to prepare the interim financial statements continuing the application of LKAS 39 Financial Instruments: Recognition and Measurement. The Bank has decided to use this option. Accordingly, the accounting policies and method of computations are consistent with the LKAS 39 Financial Instruments: Recognition and Measurement for the preparation and presentation of these interim financial statements.

The Bank is in the process of assessing the additional loan loss provision impact on the Financial Statements, resulting from the application of SLFRS 9. The Group does not expect significant impact on the consolidated financial statements resulting from the application of SLFRS 9 on the other group entities.

Therefore, the accounting policies and methods of computations are consistent with those policies and methods followed during the previous financial year.

Note 3. Group Financial Statements

The Group Financial Statements comprise the Bank and its subsidiaries DFCC Consulting (Pvt) Limited, Lanka Industrial Estates Limited and Synapsys Limited and group interest in associate Company National asset Management Limited and group interest in joint venture Acuity Partners (Pvt) Ltd. Investments in Subsidiaries, joint venture and associate Companies are accounted under cost method in Bank’s financial statements. Investment in associate and joint venture are accounted under equity method in group’s financial statements.

Note 4. 31 March financial year company

This is Lanka Industrial Estates Ltd.

Note 5. Net Gain / (Loss) from Financial Instruments at Fair Value Through Profit or Loss

For the six months ended 30th June	Bank		Group	
	2018	2017	2018	2017
	LKR 000	LKR 000	LKR 000	LKR 000
Forward exchange fair value changes				
Contracts with commercial banks	166,736	1,093	166,736	1,093
Contracts with CBSL	(59,083)	(64,164)	(59,083)	(64,164)
Interest rate swap fair value changes	(3,820)	-	(3,820)	-
	103,833	(63,071)	103,833	(63,071)

Note 6. Net Gain from Financial Investments

For the six months ended 30th June	Bank		Group	
	2018	2017	2018	2017
	LKR 000	LKR 000	LKR 000	LKR 000
Assets available for sale				
Gain on sale of securities	54,810	1,115,345	54,810	1,115,345
Dividend income	632,889	594,045	605,852	587,268
Net gain from repurchase transactions	96,154	85,492	96,154	85,492
	783,853	1,794,882	756,816	1,788,105

Note 7. Other Operating (Loss)/Income-net

For the six months ended 30th June	Bank		Group	
	2018	2017	2018	2017
	LKR 000	LKR 000	LKR 000	LKR 000
Foreign exchange loss	(1,307,815)	(724,564)	(1,307,701)	(724,365)
Amortisation of deferred income on Government grant-CBSL swap	415,333	319,164	415,333	319,164
Others	33,119	54,644	227,575	267,213
	(859,363)	(350,756)	(664,793)	(137,988)

Foreign exchange gain/(loss) does not include the offsetting effect of exchange rate movements on forward exchange contracts used as hedging instruments to mitigate market risk of open positions arising from US dollar/LKR funding swaps. This effect is included under 'Net gain/ (loss) from financial instruments at fair value through profit or loss' in the income statement.

Note 8 Loans to and Receivables from Other Customers

As at	Bank		Group	
	30.06.2018 LKR 000	31.12.2017 LKR 000	30.06.2018 LKR 000	31.12.2017 LKR 000
Gross loans and receivables (Note 8.1)	244,968,327	221,309,571	244,968,327	221,309,571
Less: Allowance for individual impairment (Note 8.2.1)	(5,557,057)	(5,388,754)	(5,557,057)	(5,388,754)
Allowance for collective impairment (Note 8.2.2)	(2,745,507)	(2,244,951)	(2,745,507)	(2,244,951)
Net loans and receivables	236,665,763	213,675,866	236,665,763	213,675,866

Note 8.1 Loans to and Receivables from Other Customers - By product

As at	Bank		Group	
	30.06.2018 LKR 000	31.12.2017 LKR 000	30.06.2018 LKR 000	31.12.2017 LKR 000
By product-Domestic Currency				
Overdrafts	38,701,888	39,950,160	38,701,888	39,950,160
Trade finance	25,625,114	20,785,139	25,625,114	20,785,139
Credit cards	291,002	278,433	291,002	278,433
Pawning	2,847,418	2,597,441	2,847,418	2,597,441
Staff loans	1,696,133	1,544,400	1,696,133	1,544,400
Term loans	130,092,010	116,602,843	130,092,010	116,602,843
Lease rentals receivable	17,164,825	16,493,374	17,164,825	16,493,374
Commercial papers and asset back notes	1,311,329	1,140,486	1,311,329	1,140,486
Preference shares	150,000	187,500	150,000	187,500
	217,879,719	199,579,776	217,879,719	199,579,776
By product-Foreign Currency				
Overdrafts	238,939	254,385	238,939	254,385
Trade finance	10,003,759	8,993,313	10,003,759	8,993,313
Term loans	16,845,910	12,482,097	16,845,910	12,482,097
	27,088,608	21,729,795	27,088,608	21,729,795
Gross loans and receivables	244,968,327	221,309,571	244,968,327	221,309,571

Note 8.2 Movement in Individual and Collective Impairment during the period for Loans to and Receivable to Other Customers

As at	Bank		Group	
	30.06.2018 LKR 000	31.12.2017 LKR 000	30.06.2018 LKR 000	31.12.2017 LKR 000
8.2.1 Allowance for Individual Impairment				
Balance at beginning	5,388,754	4,778,752	5,388,754	4,778,752
Charge to income statement	806,368	724,402	806,368	724,402
Write-off loans and receivables	(654,932)	(136,182)	(654,932)	(136,182)
Effect of foreign currency movement	16,867	21,782	16,867	21,782
Balance at end	5,557,057	5,388,754	5,557,057	5,388,754
8.2.2 Allowance for Collective Impairment				
Balance at beginning	2,244,951	1,890,798	2,244,951	1,890,798
Charge / (Write back) to income statement	523,553	405,973	523,553	405,973
Write-off loans and receivables	(20,564)	(47,531)	(20,564)	(47,531)
Effect of foreign currency movement	(2,433)	382	(2,433)	382
Transfers to dues on terminated leases	-	(4,671)	-	(4,671)
Balance at end	2,745,507	2,244,951	2,745,507	2,244,951
Total Individual and Collective impairment	8,302,564	7,633,705	8,302,564	7,633,705

Note 9. Due to Other Customers

As at	Bank		Group	
	30.06.2018 LKR 000	31.12.2017 LKR 000	30.06.2018 LKR 000	31.12.2017 LKR 000
By product-Domestic Currency				
Demand deposits (current accounts)	3,896,679	3,954,166	3,896,674	3,953,567
Savings deposits	22,697,566	20,839,127	22,688,406	20,836,179
Fixed deposits	138,871,481	125,871,514	138,495,601	125,494,970
Other deposits	498,815	409,678	495,815	409,678
Certificate of deposits	476,179	477,711	476,179	477,711
	166,440,720	151,552,196	166,052,675	151,172,105
By product- Foreign Currency				
Demand deposits (current accounts)	332,804	514,704	332,804	514,625
Savings deposits	14,579,600	15,821,186	14,575,766	15,821,186
Fixed deposits	26,508,786	25,412,783	26,501,211	25,405,566
Other deposits	532	6,665	532	6,665
	41,421,722	41,755,338	41,410,313	41,748,042
Total	207,862,442	193,307,534	207,462,988	192,920,147

Note 10. Government Grant

DFCC Bank in October 2013 raised USD 100 million by Issue of Notes abroad repayable in October 2018. The proceeds of this note issue had been deployed predominantly in LKR denominated monetary assets. In order to hedge the resulting net open foreign currency liability position, DFCC Bank has entered in to an annually renewable currency SWAP arrangement with Central Bank of Sri Lanka (CBSL) in November 2013 for 75% of the US Dollar (USD) denominated liability. Accordingly this contract was renewed in November 2017.

As at	Bank		Group	
	30.06.2018 LKR 000	31.12.2017 LKR 000	30.06.2018 LKR 000	31.12.2017 LKR 000
10.1 Government Grant- Receivable				
Fair value at beginning	642,583	861,915	642,583	861,915
Change in fair value on renewal of contract	-	(133,055)	-	(133,055)
Change in fair value during the period	(59,083)	(86,277)	(59,083)	(86,277)
Fair value at end	583,500	642,583	583,500	642,583
10.2 Government Grant - Deferred Income				
Fair value at beginning	654,583	701,665	654,583	701,665
Change in fair value on renewal of contract	-	(133,055)	-	(133,055)
Change in fair value during the period	(59,083)	(86,277)	(59,083)	(86,277)
Foreign exchange (loss)/gain on revaluation	(356,250)	172,250	(356,250)	172,250
Amortisation of deferred income on Government grant- CBSL swap	(415,333)	85,973	(415,333)	85,973
Fair value at end	239,250	654,583	239,250	654,583

Note 11. Events after the reporting period

No circumstances have arisen which would require disclosure or adjustment to the Financial Statements.

Note 12. Disclosures under Appendix 7B of the Listing Rules

12.1 There is no management fees or similar expenditure provided for in the interim financial statements

12.2 Stated capital

	Number of shares
Number of shares of the Bank on 30th June 2018 (No change from 31 December 2017).	<u>265,097,688</u>

12.3 Twenty Major Shareholders as at 30.06.2018

	Name of Shareholder/Company	Shareholding	%
1	Bank of Ceylon No.2 A/c.	38,039,994	14.35
2	Hatton National Bank PLC A/c No.1	32,396,140	12.22
3	Sri Lanka Insurance Corporation Ltd-Life Fund	26,509,832	10.00
4	MR.M.A. Yaseen	26,506,750	10.00
5	Employees' Provident Fund	24,368,995	9.19
6	Melstacorp Limited	22,175,280	8.36
7	Seafeld International Limited	15,286,794	5.77
8	HSBC Intl Nom. Ltd-BPSS Lux-Aberdeen Global Asia Pacific Equity Fund	9,842,898	3.71
9	Renuka City Hotels PLC	6,926,870	2.61
10	HSBC Intl. Nom Ltd-BP2S LDN-Aberdeen Asia Pacific Equity Fund	5,438,669	2.05
11	HSBC Intl Nom Ltd-BP2S London-Edinburgh Dragon Trust PLC	4,528,328	1.71
12	Renuka Hotels Limited	4,073,360	1.54
13	Employees Trust Fund Board	3,987,952	1.50
14	HSBC Intl.Nominees Ltd-BP2S London-Aberdeen Asia Smaller Companies Investment Trust	3,866,936	1.46
15	Akbar Brothers Pvt Ltd A/C No.01	2,552,270	0.96
16	Cargo Boat Development Company PLC	2,498,200	0.94
17	Anverally International (pvt) Limited	1,553,415	0.59
18	Crescent Launderers and Dry Cleaners PVT Limited	1,482,548	0.56
19	HSBC Intl Nominees Ltd-BP2S-London - Aberdeen New Dawn Investment Trust XCC6	1,450,311	0.55
20	Renuka Consultants & Services Ltd	1,097,992	0.41

12.4 Public Holding as at 30.06.2018

Public holding percentage	63.40%
Number of Public shareholders	8,767
Float adjusted market capitalisation	LKR 17,615 million
Applicable option as per CSE Listing Rule 7.13.1 (a)	Option 1

12.5 Directors' Interests in Shares

	No of Shares As at 30.06.2018
C R Jansz	1,000
P M B Fernando	1,000
T Dharmarajah	500
K.P Cooray	Nil
S.R Thambiyah (Ms)	Nil
V J Senaratne (Miss.)	1,296
L H A L Silva	3,476
L.K.A.H. Fernando (Mrs.)	Nil
N.K.G.K. Nemmawatta	Nil

Certification

We, the undersigned, being the Chairman, the Chief Executive Officer and the Chief Financial Officer of DFCC Bank PLC certify that:

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.
- (b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank and the Group, unless indicated as audited.

Royle Jansz
Chairman

Lakshman Silva
Director & Chief Executive Officer

Ashok Goonesekere
Chief Financial Officer

25-Jul-18

Listed Debentures

Debenture Category	Interest rate Frequency	Applicable Interest Rate %	Interest rate of Comparative Government Securities (Gross) p.a. %	Balance as at 30.06.2018 LKR 000	Market price			Yield Last Traded %
					Highest	Lowest	Last Traded	
Fixed Rate								
2015/2020	Annually	9.10	9.65	3,004,686	N/T	N/T	N/T	N/A
2015/2020	Annually	9.40	9.65	2,010,633	N/T	N/T	N/T	N/A
2016/2019	Annually	10.63	8.90	5,465,696	99.18	99.18	99.18	11.50
2016/2021	Annually	12.15	10.00	1,027,367	N/T	N/T	N/T	N/A
2016/2023	Annually	12.75	10.30	6,508,746	N/T	N/T	N/T	N/A
2018/2023	Annually	12.60	10.35	2,992,399	100.05	100.05	100.05	12.58
2018/2025	Annually	13.00	10.50	4,200,909	N/T	N/T	N/T	N/A

N/T -Not traded

Other Ratios (Bank)	30.06.2018	31.12.2017
Debt to equity ratio (times)	2.19	1.77
Interest cover (times)	0.98	0.99

Disclosures regarding the utilization of funds as per the objectives stated in the Debenture Prospectus

Objective as per Prospectus	Amount allocated as per Prospectus (LKR)	Proposed Date of allocation as per Prospectus	Amount allocated from Proceeds (LKR)(A)	% of Total Proceeds	Amount utilized as at 30.06.2018 (LKR)(B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg: Whether lent to related party/s etc)
To improve the capital adequacy ratio	Initial issue of LKR 5 Billion and a maximum issue of LKR 7 Billion	Upon the allotment of the debentures	LKR 7 Billion	100%	LKR. 7 Billion	100%	N/A
To support the bank's balance sheet growth		Over the period of twelve months from the date of allotment.	LKR 7 Billion	100%	LKR. 7 Billion	100%	N/A

SELECTED PERFORMANCE INDICATORS

	Bank		Group	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Regulatory Capital (LKR '000)				
Common Equity Tier I	30,216,945	33,017,170	31,444,582	34,211,431
Tier 1 Capital	30,216,945	33,017,170	31,444,582	34,211,431
Total Capital	45,901,608	41,993,352	47,129,244	43,187,613

Regulatory Capital Ratios %

Common Equity Tier 1 Capital Ratio (Minimum Requirement -6.375%)	10.665%	N/A	11.049%	N/A
(Minimum Requirement -5.75%)	N/A	12.681%	N/A	13.093%
Tier 1 Capital Ratio (Minimum Requirement - 7.875%)	10.665%	N/A	11.049%	N/A
(Minimum Requirement - 7.25%)	N/A	12.681%	N/A	13.093%
Total Capital Ratio (Minimum Requirement - 11.875%)	16.200%	N/A	16.561%	N/A
(Minimum Requirement - 11.25%)	N/A	16.128%	N/A	16.529%

	Bank	
	30.06.2018	31.12.2017
Asset Quality		
Non-performing loans and advances - Gross exposure % (Net of interest in suspense)	3.14	2.77
Non-performing loans and advances - Net exposure % (Net of interest in suspense and provisions)	1.09	0.77
Profitability		
Interest margin %	3.8	3.6
Return on assets (profit before tax) %	1.2	1.9
Return on equity %	6.2	9.4

	Bank	
	30.06.2018	31.12.2017
Regulatory Liquidity		
Statutory liquid assets LKR 000		
Domestic Banking Unit	65,677,275	62,095,324
Off-Shore Banking Unit	7,964,688	9,576,960
Statutory liquid assets ratio % (Minimum requirement 20%)		
Domestic Banking Unit	22.86	24.34
Off-Shore Banking Unit	60.28	67.70
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 2018 - 90%, 2017 -80%)	233.00%	127.84%
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 2018 - 90%, 2017 -80%)	154.87%	108.51%

	Fair value through profit or loss - mandatory	Fair value- held-for- trading	Fair value through other comprehensive income	Amortised cost	Held-to- maturity	Total
<i>As at 30 June 2018</i>	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Analysis of Financial Instruments by Measurement Basis						
Bank						
Financial Assets						
Cash and cash equivalents	-	-	-	4,961,584	-	4,961,584
Balances with Central Bank of Sri Lanka	-	-	-	12,008,878	-	12,008,878
Placements with banks	-	-	-	2,644,417	-	2,644,417
Derivative assets held-for-risk management	44,009	-	-	-	-	44,009
Other financial assets held for trading	-	1,015,931	-	-	-	1,015,931
Loans to and receivables from banks	-	-	-	14,502,996	-	14,502,996
Loans to and receivables from other customers	-	-	-	236,665,763	-	236,665,763
Due from subsidiaries	-	-	-	13,868	-	13,868
Financial investments	-	-	59,347,131	-	23,490,531	82,837,662
Government grant receivable	583,500	-	-	-	-	583,500
Other assets	-	-	-	1,959,487	-	1,959,487
	627,509	1,015,931	59,347,131	272,756,994	23,490,531	357,238,096
Financial Liabilities						
Due to banks	-	-	-	21,433,297	-	21,433,297
Derivative liabilities held-for-risk management	181,985	-	-	-	-	181,985
Due to other customers	-	-	-	207,862,442	-	207,862,442
Other borrowing	-	-	-	38,289,226	-	38,289,226
Debt securities issued	-	-	-	24,540,643	-	24,540,643
Subordinated term debt	-	-	-	16,740,055	-	16,740,055
Other liabilities	-	-	-	3,691,046	-	3,691,046
	181,985	-	-	312,556,708	-	312,738,694
As at 31 December 2017						
	Fair value through profit or loss - mandatory	Fair value- held-for- trading	Fair value through other comprehensive income	Amortised cost	Held-to- maturity	Total
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Bank						
Financial Assets						
Cash and cash equivalents	-	-	-	4,106,225	-	4,106,225
Balances with Central Bank of Sri Lanka	-	-	-	10,557,688	-	10,557,688
Placements with banks	-	-	-	6,691,381	-	6,691,381
Derivative assets held-for-risk management	66,440	-	-	-	-	66,440
Other financial assets held for trading	-	310,922	-	-	-	310,922
Loans to and receivables from banks	-	-	-	10,984,266	-	10,984,266
Loans to and receivables from other customers	-	-	-	213,675,866	-	213,675,866
Financial investments	-	-	56,866,054	-	23,507,632	80,373,686
Due from subsidiaries	-	-	-	12,083	-	12,083
Government grant receivable	642,583	-	-	-	-	642,583
Other assets	-	-	-	2,775,741	-	2,775,741
	709,023	310,922	56,866,054	248,803,250	23,507,632	330,196,881
Financial Liabilities						
Due to banks	-	-	-	9,640,735	-	9,640,735
Derivative liabilities held-for-risk management	367,435	-	-	-	-	367,435
Due to other customers	-	-	-	193,307,534	-	193,307,534
Other borrowing	-	-	-	41,319,591	-	41,319,591
Debt securities issued	-	-	-	24,443,767	-	24,443,767
Subordinated term debt	-	-	-	9,202,870	-	9,202,870
Other liabilities	-	-	-	4,078,654	-	4,078,654
	367,435	-	-	281,993,151	-	282,360,586

	Fair value through profit or loss - mandatory	Fair value- held-for- trading	Fair value through other comprehensive income	Amortised cost	Held-to- maturity	Total
As at 30 June 2018						
Group						
Financial Assets						
Cash and cash equivalents	-	-	-	4,962,704	-	4,962,704
Balances with Central Bank of Sri Lanka	-	-	-	12,008,878	-	12,008,878
Placements with banks	-	-	-	2,660,222	-	2,660,222
Derivative assets held-for-risk management	44,009	-	-	-	-	44,009
Other financial assets held for trading	-	1,015,931	-	-	-	1,015,931
Loans to and receivables from banks	-	-	-	14,502,996	-	14,502,996
Loans to and receivables from other customers	-	-	-	236,665,763	-	236,665,763
Financial investments	-	-	59,347,131	-	23,490,531	82,837,662
Government grant receivable	583,500	-	-	-	-	583,500
Other assets	-	-	-	2,061,031	-	2,061,031
	627,509	1,015,931	59,347,131	272,861,594	23,490,531	357,342,696

Financial Liabilities						
Due to banks	-	-	-	21,433,297	-	21,433,297
Derivative liabilities held-for-risk management	181,985	-	-	-	-	181,985
Due to other customers	-	-	-	207,462,988	-	207,462,988
Other borrowing	-	-	-	38,259,226	-	38,259,226
Debt securities issued	-	-	-	24,540,643	-	24,540,643
Subordinated term debt	-	-	-	16,740,055	-	16,740,055
Other liabilities	-	-	-	3,991,040	-	3,991,040
	181,985	-	-	312,427,249	-	312,609,234

	Fair value through profit or loss - mandatory	Fair value- held-for- trading	Fair value through other comprehensive income	Amortised cost	Held-to- maturity	Total
As at 31 December 2017						
25.4 Group						
Financial Assets						
Cash and cash equivalents	-	-	-	4,120,230	-	4,120,230
Balances with Central Bank of Sri Lanka	-	-	-	10,557,688	-	10,557,688
Placements with banks	-	-	-	6,712,131	-	6,712,131
Derivative assets held-for-risk management	66,440	-	-	-	-	66,440
Other financial assets held-for-trading	-	310,922	-	-	-	310,922
Loans to and receivables from banks	-	-	-	10,984,266	-	10,984,266
Loans to and receivables from other customers	-	-	-	213,675,866	-	213,675,866
Financial investments	-	-	56,866,054	-	23,507,632	80,373,686
Government grant receivable	642,583	-	-	-	-	642,583
Other assets	-	-	-	2,775,741	-	2,775,741
	709,023	310,922	56,866,054	248,825,922	23,507,632	330,219,553

Financial Liabilities						
Due to banks	-	-	-	9,640,735	-	9,640,735
Derivative liabilities held-for-risk management	367,435	-	-	-	-	367,435
Due to other customers	-	-	-	192,920,147	-	192,920,147
Other borrowing	-	-	-	41,290,874	-	41,290,874
Debt securities issued	-	-	-	24,443,767	-	24,443,767
Subordinated term debt	-	-	-	9,202,870	-	9,202,870
Other liabilities	-	-	-	4,078,654	-	4,078,654
	367,435	-	-	281,577,047	-	281,944,482

Business Segment Information

	Banking		Financial Leasing		Investing in Equity		Other		Unallocated		Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
For the six months ended 30th June	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Group Revenue														
Interest income	17,662,520	14,226,080	1,174,968	991,858	-	-	24,792	27,909	-	-	(19,733)	(20,797)	18,842,547	15,225,050
Net fees and commission income	906,141	698,844	-	-	-	-	-	-	-	-	(67)	(166)	906,074	698,678
Net gain from trading	171,593	150,279	-	-	-	-	-	-	-	-	-	-	171,593	150,279
Net gain/(loss) from financial instruments at fair value through profit or loss	103,833	(63,071)	-	-	-	-	-	-	-	-	-	-	103,833	(63,071)
Net gain/(loss) from financial investments	123,190	11,930	-	-	660,662	1,782,952	-	-	-	-	(27,036)	(6,777)	756,816	1,788,105
Other Operating (loss) / income	(859,363)	(350,756)	-	-	-	-	302,952	259,019	-	-	(108,382)	(46,251)	(664,793)	(137,988)
Total Income	18,107,914	14,673,306	1,174,968	991,858	660,662	1,782,952	327,744	286,928	-	-	(155,218)	(73,991)	20,116,070	17,661,053
Percentage *	90	83	6	6	3	9	2	2	-	-	(1)	-	100	100
Expense														
Segment losses / Reversal of losses	1,322,855	439,782	21,866	32,598	62,598	14,832	-	-	-	-	-	(9,896)	1,407,319	477,317
Depreciation	-	-	-	-	-	-	28,654	35,111	-	-	-	-	28,654	35,111
Other operating & interest expenses	14,038,451	11,424,917	478,908	761,415	-	-	162,144	153,431	-	-	(119,448)	(67,215)	14,931,982	12,272,548
	15,361,306	11,864,699	500,774	794,013	62,598	14,832	190,798	188,542	-	-	(119,448)	(77,111)	16,367,955	12,784,976
Result	2,746,608	2,808,607	674,194	197,845	598,064	1,768,120	136,946	98,386	-	-	(35,770)	3,120	3,748,115	4,876,077
Unallocated expenses													566,209	512,635
Value Added Tax													674,646	816,322
Share of profits of associates and Joint venture													2,507,260	3,547,120
Profit before tax													88,587	68,996
Income tax on profit on ordinary activities													2,595,847	3,616,116
Profit after tax													735,166	672,048
Other Comprehensive Income net of tax													1,860,681	2,944,068
Total Comprehensive Income													(2,199,226)	(1,102,181)
Total Comprehensive Income - Non controlling interests													(338,545)	1,841,887
Profit for the Equity Holders of the Bank													35,671	34,213
													(374,216)	1,807,674
Assets	299,437,292	249,622,656	17,164,825	15,507,476	17,571,339	19,888,326	1,102,279	915,651	26,464,346	19,273,341	(616,307)	(577,834)	361,123,774	304,629,616
Percentage*	83	82	5	5	5	7	-	-	7	6	-	-	100	100
Investment in associate and Joint venture													1,749,358	1,490,703
													362,873,132	306,120,319
Liabilities	269,493,563	224,660,391	15,448,343	13,956,728	-	-	347,521	285,062	30,294,107	19,935,314	(448,985)	(475,843)	315,134,549	258,361,652

* Net of eliminations

Revenue and expenses attributable to the incorporated business segments of industrial estate management, information technology services and consultancy services are included in the column for others.

Property & equipment and depreciation attributable to an incorporated business segment is included in the relevant segment and the balance is unallocated.

Eliminations are the consolidation adjustments for inter company transactions, dividend and dividend payable attributable to minority shareholders.